

EXHIBIT Z

Redacted

Nov. 12, 2002

Mr. Martin:

Ayadi Chafiq bin Muhammad is considered by the U.S. to be a significant Al Qaeda figure. He was listed as a Specially Designated Global Terrorist on Oct. 12, 2001. He is a former employee of Muwaffaq in Munich. His relationship to Mr. Qadi, and the payment I asked about, are discussed in the article below from Al-Sharq al-Awsat. Glenn R. Simpson

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[FBIS Translated Text] The name of Saudi businessman Yasin al-Qadi was on a list of 39 personalities and establishments, which US authorities say have links to the financing of al-Qa'ida organization. Al-Qadi has said it is unlikely that Chafik Ayadi, director of Muwaffaq Charity Foundation in Bosnia, has any suspicious relationship with any terrorist party. US reports had linked Al-Qadi, in his capacity as chairman of Muwaffaq Charity Foundation, with al-Qa'ida organization, led by Usama Bin Laden, through Ayadi, a Tunisian national, who was director of the Foundation's Bosnia office, which was closed a few years ago.

Sources have told Al-Sharq al-Awsat that before joining Muwaffaq Charity Foundation, Ayadi had worked at the Muslim World League's engineering office in Pakistan, specifically after his return from Saudi Arabia, where he received treatment for wounds he sustained in the Afghan war against the Soviets.

Al-Sharq al-Awsat interviewed Al-Qadi at his office in Jeddah yesterday. He said his relationship with Ayadi began in 1993, specifically after the opening of Muwaffaq Charity Foundation's office in Bosnia. He added that the idea of Muwaffaq Charity Foundation was conceived by a group of Saudi businessmen, who felt that they could play an important role in providing material and moral support to their disaster-stricken Muslim brothers in several areas of conflict. The

Foundation set up special offices in Bosnia affiliated with the Croatian Islamic Center. Al-Qadi noted that in view of the sound position of the Foundation and other organizations, which were operating in Bosnia at the time, they won the appreciation and support of the United Nations, which provided them with financial assistance worth around \$2 million in 1997 to finance their humanitarian activities. He denied that his charity foundation was established for investment purposes, or became an investment firm, during the period of its work in Bosnia, which actually began in 1992 or 1993, specifically after the conflict broke out in Bosnia-Herzegovina, and until it was no longer needed after the incidents ended.

The Saudi businessman said he first met Ayadi in 1993, specifically when he was nominated [as the new director of Muwaffaq Charity Foundation's office in Bosnia] by Wa'il Julaydan, former director general of the Muslim World League's office in Pakistan, after Muwaffaq Charity Foundation terminated the employment of its former director--a Bosnian resident.

Moreover, in a telephone contact [Al-Sharq al-Awsat made] with Wa'il Julaydan, he said he first met Ayadi after the latter arrived in Pakistan from Saudi Arabia, where he received treatment for wounds he sustained in Afghanistan, and joined voluntary work for the Muslim World League's engineering section, which is responsible for constructing mosques and digging water wells. Julaydan added that he nominated Ayadi [as director of Muwaffaq Charity Foundation's office in Bosnia] after the latter requested his mediation to find him a job in any European charity party away from Afghanistan, which had just emerged from its war with the Russians to engage in another ethnic war. Meanwhile, Julaydan said, he learned about the opening of an office for Muwaffaq Charity Foundation in Bosnia and that its chairman, Yasin al-Qadi, a friend of the family, was looking for a new director for the Bosnia office after its director was relieved of his post. Therefore, Chafik Ayadi was immediately nominated for this post in view of his long experience and practice in voluntary work.

Al-Qadi confirmed this, saying: "Julaydan's nomination of Ayadi was not wrong, since he demonstrated great efficiency in this kind of work. I can say that he is one of the best people I have worked with in charitable activities. During his work, he managed to provide great services to Bosnian Muslims. In addition, he won the confidence of government officials, led by the then Bosnian President Alija Izetbegovic and members of his government. On many occasions, Ayadi was the main link between the Saudi Standing Committee for the Collection of Donations for Bosnia-Herzegovina and needy people there."

Al-Qadi pointed out that neither he nor any of the workers in Bosnia noticed any signs of religious fanaticism on Ayadi, or that he was one of those who accuse others of infidelity and who emerged at the time, since he was very quiet, honest, and devoted to his work. He said the Foundation's activities included giving free courses in computer and languages to Bosnian men and women to rehabilitate them to engage in civilian work, and also teaching them sewing and knitting. In addition, the Foundation bore the expenses of dozens of young men and women in Malaysia to complete their studies there. Several charitable projects were also launched, like setting up farms for growing mushrooms and raising fish for needy people.

Al-Qadi went on: "Ayadi was kidnapped by the Serbian forces while performing his relief work. Everybody in Saudi Arabia and Bosnia thought that he died. But, a few months later, I received a telephone call from

Chafik, in which he said that he was alive and that the Serbian forces demanded a ransom of 50,000 deutsche marks to release him; otherwise, he would be killed. Therefore, I immediately authorized the secretary at the office in Bosnia, a Sudanese national named Ubayd, to pay the required sum from the account of the Foundation's office and to deliver it to the Serbian forces to release him."

Al-Qadi said it is unlikely that any European forces had intervened to secure the release of Ayadi. He added that during the period of the office's work in Bosnia, he--personally, without any connection with the charity foundation--bought the bank (Depozita Banka) for only 100,000 deutsche marks for the purpose of investing in this sector after the end of the Bosnia war. He said his hunch proved to be right. This bank is now one of the banks operating under the umbrella of the Bosnian regime and is governed by the laws of the Central Bank of Bosnia. The bank's financial statements are examined by a specialized US auditing firm. A group of Saudi and Bosnian businessmen now owns the bank.

On the method of registering the bank, Al-Qadi said out of the desire to expedite the process of registration, the bank was first registered in the name of a Bosnian person. The shares were registered under several names, including Chafik Ayadi, "since he was the only person we had contacts with in Bosnia, and we trusted him. However, some time after the end of the incidents and the return of stability to the region, all the shares were reregistered in my own name."

Al-Qadi attributes the termination of Ayadi's employment to the end of the Bosnia incidents and the fact that there was no need to keep relief organizations, all of which were closed. Ayadi then engaged in banking work, in which he did not excel or succeed at all.

Pakistani national Soheyl Siddiqi, general manager of Depozita Banka confirmed this. In a telephone contact Al-Sharq al-Awsat made with him at his place of work in Zagreb, Siddiqi said he worked with Ayadi for almost two years. He added: "Due to the fact that he had a high-school diploma, and because his previous experience was confined to charitable work, we could not benefit from him as required. Therefore, his employment was terminated at the request of Yasin al-Qadi."

Siddiqi said: "There was a minor dispute over the rights [severance pay] of Ayadi, who was expecting a larger sum than the one he received." He noted that the dispute was over a sum of 100,000-150,000 deutsche marks. When the matter was not settled according to Ayadi's desire, he decided to move to London. Therefore, we lost contact with him. I held another contact with Al-Qadi to reach a settlement on this sum with him. Al-Qadi told me that Ayadi demanded a larger sum than the one he deserved in line with the effective law at the time in return for his work in the charity foundation, his abduction, and the fact that he faced the risk of death.

[Description of Source: London Al-Sharq al-Awsat in Arabic -- Influential Saudi-owned London daily providing independent coverage of Arab and international issues; editorials reflect official Saudi views on foreign policy.]

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